



THE SECRETARY OF COMMERCE

Washington, D.C. 20230

NOV - 5 2001

The Honorable John A. Boehner
Chairman, Committee on Education
and the Workforce
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

In a world where companies increasingly use worker-directed retirement plans, the expansion of available investment advice is critical. The Retirement Security Advice Act of 2001 (H.R. 2269), as amended by the Committee on Education and the Workforce, would dramatically increase the ability of workers to receive such advice.

This bill can play a critical role in helping workers invest, save, and dream. As President Bush has said, "I trust Americans to manage their own money. Everyone should be a part-owner in the American dream."

An estimated 43 million workers currently are managing part of their retirement dollars through defined contribution plans. This structure represents an enormous shift from the pension environment originally contemplated by the Employee Retirement Income Security Act of 1974 (ERISA). While the move to employee-directed retirement plans is very positive, it also necessitates increased availability of investment advice.

Of equal import, H.R. 2269 as reported also contains important safeguards. First, it clarifies the employer's fiduciary duties, ensuring they do not extend to monitoring specific advice provided. Second, it would clarify that investment advisers are subject to fiduciary liability under ERISA, including civil and criminal penalties. In this connection, we note that investment advisers would be personally liable for any failure to act in accordance with ERISA's strict fiduciary responsibility rules when they provide investment advice.

The Retirement Security Advice Act would create an environment in which employers will be more likely to sponsor investment advice for workers. It recognizes and responds to current realities. It makes sense for the American worker. We urge favorable action on the bill.

Sincerely,

Donald L. Evans
Secretary of Commerce

Paul H. O'Neill
Secretary of the Treasury